

Exhibit B
Budget Detail and Payment Provisions

1. Invoicing and Payment

- A. For services satisfactorily rendered, and upon receipt and approval of the invoices, CDPH agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates specified herein.
- B. Invoices shall include the Agreement Number and shall be submitted no more frequently than monthly in arrears to:

Janice Byers, Contract Administrator
California Department of Public Health (CDPH)
Genetic Disease Screening Program
850 Marina Bay Parkway, Room F-175, MS 8200
Richmond, CA 94804

C. Invoices shall:

- 1) Be prepared on company letterhead. If invoices are not on produced letterhead invoices must be signed by an authorized official, employee or agent certifying that the expenditures claimed represents actual expenses for the service performed under this contract.
- 2) Bear the Contractor's name as shown on the agreement.
- 3) For Specimen Screening invoices, identify the billing and/or performance period covered by the invoice using the template provided in Section XV Program Appendices, Appendix 13, Invoice Template for Specimen Screening.
- 4) Itemize costs for the billing period in the same or greater level of detail as indicated in this agreement. Subject to the terms of this agreement, reimbursement may only be sought for those costs categories expressly identified as allowable in this agreement and approved by CDPH.
- 5) Travel reimbursement invoices do not need to be on the template provided. But they must be prepared on company letterhead and bear the Contractor's name as shown on the agreement. Further, invoiced travel must be for previously approved State travel. Contractor shall invoice for the actual costs and required travel mileage, lodging, and per diem costs up to the maximum allowed and in accordance with the guidelines currently in effect, as established by the California Department of Personnel Administration (DPA), for non-represented State employees. After contract award, CDPH shall provide the Contractor with a Travel Reimbursement form to be completed and attached, with all applicable receipts, to the Contractor's invoice. Approved travel reimbursement may not exceed the yearly budget of \$3,000 per fiscal year. Travel invoices must cover no more than one calendar month per invoice.
- 6) Equipment reimbursement invoices do not need to be on the template provided. They must be prepared on company letterhead and bear the Contractor's name as shown on the agreement. Further, invoiced equipment expenses must not exceed the yearly budget for Equipment of \$300 per fiscal year and only on equipment supplied by the CDPH. Equipment invoices must cover no more than one calendar month per invoice.
- 7) Submit a copy of a signed invoice.

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A. Invoice Documentation

For Specimen Screening invoices, the Contractor must submit invoices using the Invoice Template provided in Section XV, Program Appendices, Appendix 13, Invoice Template for Specimen Screening. Each invoice must be submitted using the template provided. Further each invoice will list the amount of adequately tested specimens accessed during a calendar month. CDPH will validate the quantity of tests based on reports obtained from the Screening Information System (SIS).

Equipment and Travel reimbursement invoices must include applicable receipts.

B. Rates Payable

In the event that the monthly count of newborn screening test panels generated by the CDPH computer differs from the count determined by Contractor based upon Contractor's records, CDPH shall pay Contractor a sum based upon the CDPH computer information. When the Contractor is notified of the discrepancy in writing by CDPH, the contractor will provide evidence from its records of the number of newborn screening test panels completed. CDPH shall then compare Contractor's data with its computer data, and shall decide the reason for the discrepancy. An appropriate adjustment, if needed, will then be made.

Contractor shall make no additional charge to the patient or hospital for newborn screening tests performed. Only those screening tests required by this contract or authorized by CDPH shall be reimbursable by CDPH. The maximum amount payable each year of this contract term for newborn screening is based on the estimated maximum number of births in each Region during each one-year period of the contract. The following in the Estimates by Region table shows the estimated amount of NBS specimens by Region and fiscal year.

If the maximum amount payable for newborn screening in any one year proves to be low because the estimates of newborns is low, or because of overload testing, CDPH shall adjust the contract amount subject to the availability of funding for purposes of this contract.

In the event that the monthly count of prenatal tests generated by the CDPH computer differs from the count determined by Contractor based upon Contractor's records, CDPH shall pay contractor a sum based upon the CDPH computer information. When the contractor is notified by CDPH in writing of the discrepancy, the Contractor will provide evidence from its records of the number of tests completed. CDPH shall then compare Contractor's data with its computer data, and shall decide the reason for the discrepancy. An appropriate adjustment, if needed, will then be made.

Contractor shall make no additional charge to the patient, physician, or any other party for prenatal laboratory tests performed. Only those screening tests required by this contract or authorized by CDPH shall be reimbursable by CDPH. The maximum amount payable each year of this contract term prenatal screening is based on the estimated maximum number of participating pregnant women in each Region during each one-year period of the contract.

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The following Estimates by Region table shows the estimated amount of PNS specimens by Region and fiscal year.

If the maximum amount payable for prenatal screening in any one year proves to be low because the estimate of participating pregnant women for that year is low or because of overload prenatal testing, CDPH shall adjust the contract amount subject to the availability of funding for the purposes of this contract.

In consideration of the above newborn screening and prenatal screening services performed in a manner acceptable to CDPH, CDPH shall pay Contractor from funds deposited in the Genetic Disease Testing Fund monthly in arrears at the contracted prices per completed test panel, based on counts of adequate tests, as defined in Section XV, Program Appendices, Appendix 5, Laboratory Protocols consisting of A-O.

The Contractor will be responsible for newborn screening SCID testing. It is anticipated that CDPH will receive approval from the United States Food and Drug Administration (FDA) for SCID testing by June 2014. Therefore, the Contractor could be processing SCID testing beginning December 2014. Should SCID testing become delayed, CDPH will postpone any amounts payable for SCID testing until such testing occurs. CDPH shall pay the Contractor in the same method of payment as that for newborn testing.

Estimates by Region				
	Year	Estimated Number NBS Specimens	Estimated Number PNS Specimens (1 st Trimester)	Estimated Number PNS Specimens (2 nd Trimester)
Region 1	7/1/2014-6/30/2015	136,973	74,728	87,732
	7/1/2015-6/30/2016	136,973	74,728	87,732
	7/1/2016-6/30/2017	136,973	74,728	87,732
Region 2	7/1/2014-6/30/2015	163,633	81,845	107,338
	7/1/2015-6/30/2016	163,633	81,845	107,338
	7/1/2016-6/30/2017	163,633	81,845	107,338
Region 3	7/1/2014-6/30/2015	136,354	87,347	103,654
	7/1/2015-6/30/2016	136,354	87,347	103,654
	7/1/2016-6/30/2017	136,354	87,347	103,654

2. Budget Contingency Clause

- A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, CDPH shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this

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Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

- B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, CDPH shall have the option to either cancel this Agreement with no liability occurring to CDPH, or offer an agreement amendment to Contractor to reflect the reduced amount.

3. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code, Title 1, Division 3.6, Part 3, Chapter 4.5 commencing with Section 927.

4. Amounts Payable

Per Specimen Testing

The rates for Newborn and Prenatal Screening shall not exceed the amounts shown in Section XVI, Attachments/Sample Exhibits/Appendices, Attachment 1a, Cost Proposal Summary and Instructions. The Cost Proposal Summary is laid out by State fiscal year beginning FY 2014-2015 concluding at the end of fiscal year 2016-2017. At time of submission of contractor's proposal response, Contractor will fill out all blank rows. The rows with pre-entered data cannot be edited.

The Contractor can only bill for the NBS costs with SCID when SCID has been implemented. Until that time, the Contractor can only bill for NBS costs per specimen without SCID.

Start Up Cost

As stated in Section II, Agreement Terms, the Contractor will not be reimbursed for the services prior to July 1, 2014 and all funds to support the transition/start-up period should be factored into the One Time Start Up Cost. One Time Start Up Costs are proposed by all Respondents at proposal submission. The winning Contractor will be held to that amount proposed in their proposal response. The Contractor may invoice CDPH for One Time Start Up Costs after the contract starts on July 1, 2014. If the Start date for the Contract is delayed beyond July 1, 2014, the Contractor may invoice CDPH for One Time Start Up Costs after delayed contract start date. In order to successfully invoice for Start Up Costs Contractor must supply the following information with the Start Up Costs invoice:

- 1) A list of all the facilities, equipment and personnel which meet the CDPH requirement of a functional NAPS lab,
- 2) Proof of completed and passed validation of the laboratory being able to perform the needed genetic testing stated in the Section XIII, Exhibit A, Scope of Work and Section XIV, Appendix 16, Required Validation Activities, by the full implementation of the new lab, and

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- 3) A submitted detailed listing of Start Up costs.

Staff Costs During Testing Delay

Should there be a delay in full implementation of a laboratory, the Contractor may invoice the costs for retaining the Key Staff, excluding the Laboratory Director. The Contractor must submit an invoice with timesheets for said staff. The Staff name, classification, hourly rate and hours must be itemized and must match those values proposed and proposal submission.

Start Up Costs and Staff Costs During Testing Delay are to be reflected in the Cost Proposal Summary found in Section XIII, Attachments/ Sample Exhibits/Appendices, Attachment 1a.

All reimbursement shall be made for allowable expenses up to the amount annually encumbered commensurate with the state fiscal year in which services are performed and/or goods are received.

5. Expense Allowability / Fiscal Documentation

- A. Invoices, received from a Contractor and accepted and/or submitted for payment by CDPH, shall not be deemed evidence of allowable agreement costs.
- B. Contractor shall maintain for review and audit and supply to CDPH upon request, adequate documentation of all expenses claimed pursuant to this agreement to permit a determination of expense allowability.
- C. If the allowability or appropriateness of an expense cannot be determined by CDPH because invoice detail, fiscal records, or backup documentation is nonexistent or inadequate according to generally accepted accounting principles or practices, all questionable costs may be disallowed and payment may be withheld by CDPH. Upon receipt of adequate documentation supporting a disallowed or questionable expense, reimbursement may resume for the amount substantiated and deemed allowable.

6. Timely Submission of Final Invoice

- A. A final undisputed invoice shall be submitted for payment no more than ninety (90) calendar days following the expiration or termination date of this agreement, unless a later or alternate deadline is agreed to in writing by the program contract manager. Said invoice should be clearly marked "**Final Invoice**," thus indicating that all payment obligations of CDPH under this agreement have ceased and that no further payments are due or outstanding.
- B. CDPH may, at its discretion, choose not to honor any delinquent final invoice if the Contractor fails to obtain prior written State approval of an alternate final invoice submission deadline. Written State approval shall be sought from the program contract manager prior to the expiration or termination date of this agreement.
- C. The Contractor is hereby advised of its obligation to submit, with the final invoice, a "**Contractor's Release**", Section XIV, Sample Contract Forms/ Exhibits, Exhibit F, Additional Provisions.

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7. Recovery of Overpayments

- A. Contractor agrees that claims based upon the term of this agreement or an audit finding and/or an audit finding that is appealed and upheld, will be recovered by the State by one of the following options:
 - 1) Contractor's remittance to the State of the full amount of the audit exception within 30 days following the State's request for repayment;
 - 2) A repayment schedule, which is agreeable to both the State and the Contractor.
- B. The State reserves the right to select which option as indicated above in paragraph A will be employed and the Contractor will be notified by the State in Writing of the claim procedure to be utilized.
- C. Interest on the unpaid balance of the audit finding or debt will accrue at a rate equal to the monthly average of the rate received on investments in the Pooled Money Investment Fund commencing on the date that an audit or examination finding is mailed to the Contractor, beginning 30 days after Contractor's receipt of the State's demand for repayment.
- D. If the Contractor has filed a valid appeal regarding the report of audit findings, recovery of the overpayments will be deferred until a final administrative decision on the appeal has been reached. If the Contractor loses the final administrative appeal, Contractor shall repay, to the State, the over-claimed or disallowed expenses, plus accrued interest. Interest accrues from the Contractor's first receipt of State's notice requesting reimbursement of questioned audit costs or disallowed expenses.